

New Mexico DEPARTMENT OF
TRANSPORTATION
MOBILITY FOR EVERYONE

New Mexico Highway Funding - Comparison Projections with Different Fee Structures

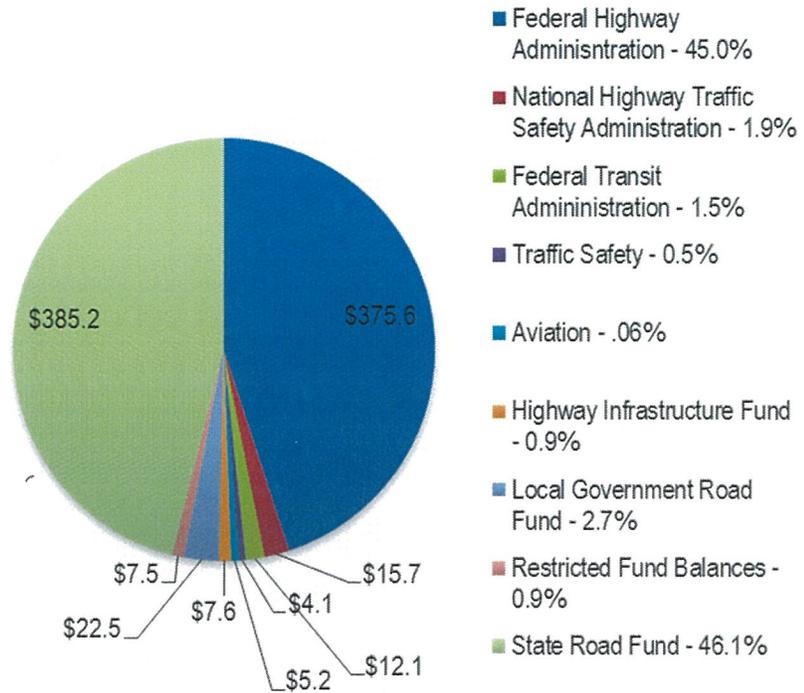
Presentation To
Transportation Infrastructure
Revenue Subcommittee
August 6, 2014

Presented by NMDOT
Chief Economist Clinton Turner

NMDOT Funding FY2013 = \$835.5 million

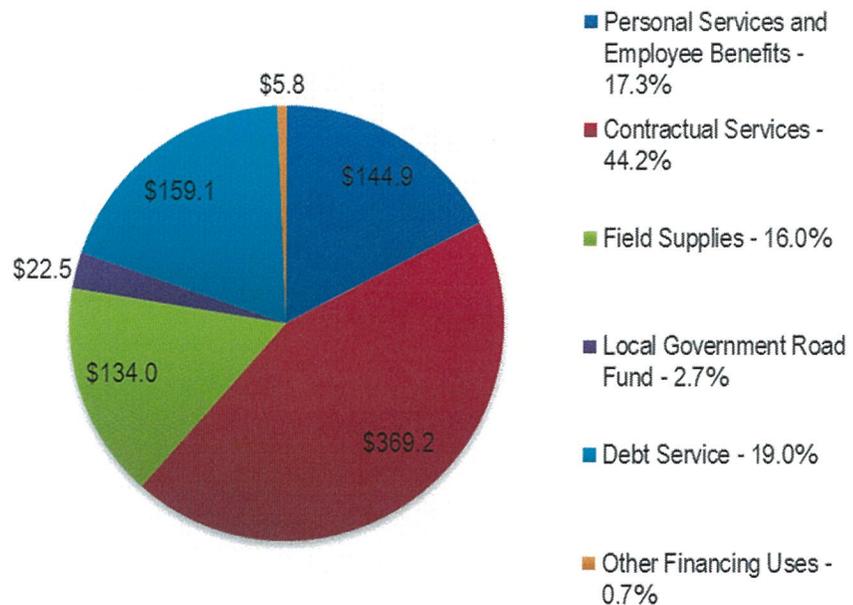
Revenue

Budget/Revenue Sources for 2013
(dollars in millions)

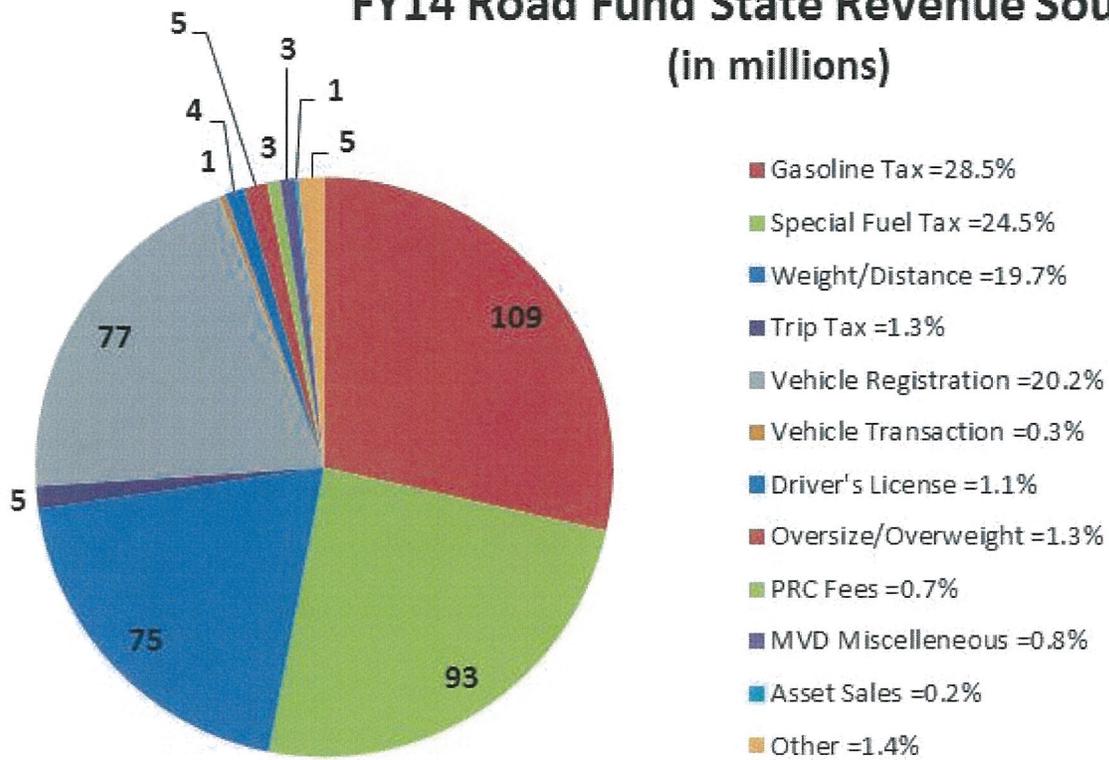


Expenditures By Category

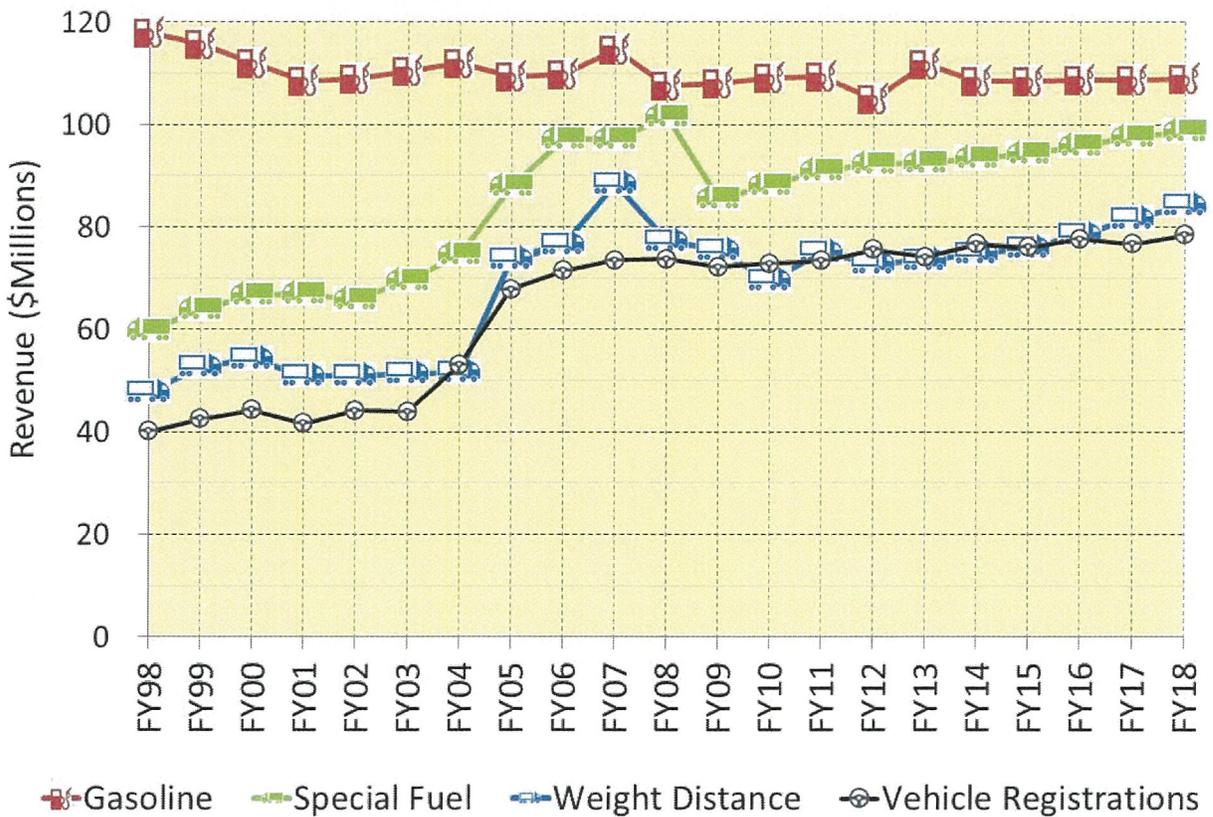
How we used our resources in 2013
(dollars in millions)



FY14 Road Fund State Revenue Sources (in millions)



Four Major State Road Fund Revenue Sources (93% of \$381 Million FY14 Total)

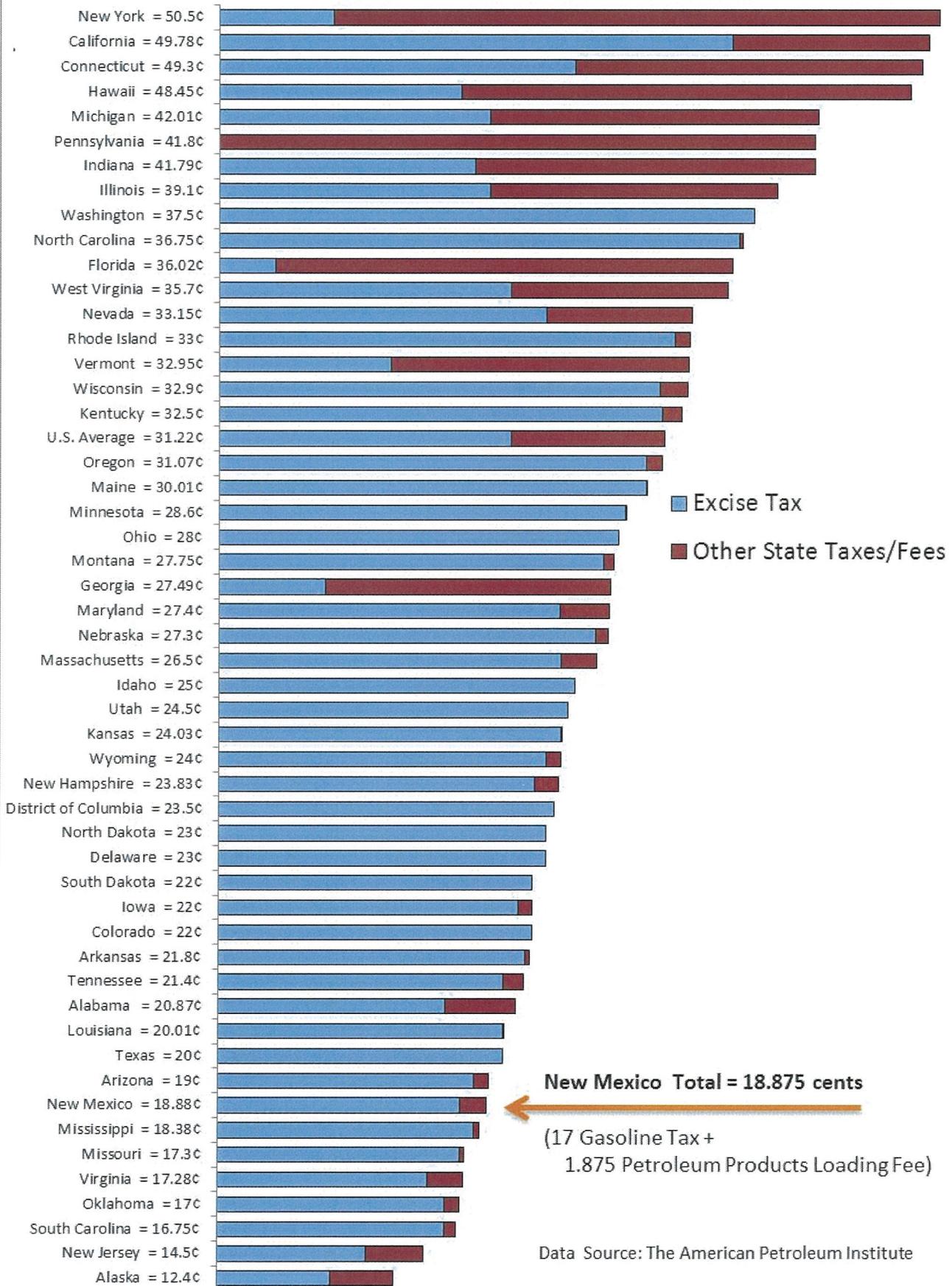


Gasoline Tax: One Cent = \$8.7 million

- A one cent increase or decrease in the per gallon tax rate would impact total gasoline excise tax revenues by \$8.7 million.
- About 870 million gallons of taxable gasoline are purchased in New Mexico each year.
- New Mexico last raised the gasoline excise tax in 1993. It is currently 17 cents per gallon.
- New Mexico's gasoline excise generates about \$150 million in total revenue each year.
 - About 13 cents per gallon tax or 76.27% is currently distributed to the Road Fund.
- New Mexico has the 8th lowest rate of taxation on gasoline in the nation.
 - 12 cents below the 50 state average.
- New Mexicans spend about \$3 billion a year on gasoline or about \$1,400 per capita; of this \$70 per capita is due to New Mexico's gasoline excise tax.
 - Each cent of the gasoline tax is equivalent to \$4 per capita.
- The current 17 cent per gallon tax would be equivalent to a 7 cent tax in 1993 inflation adjusted dollars.ⁱ

ⁱ Inflation adjustment on BEA Nonresidential Construction Price Index.

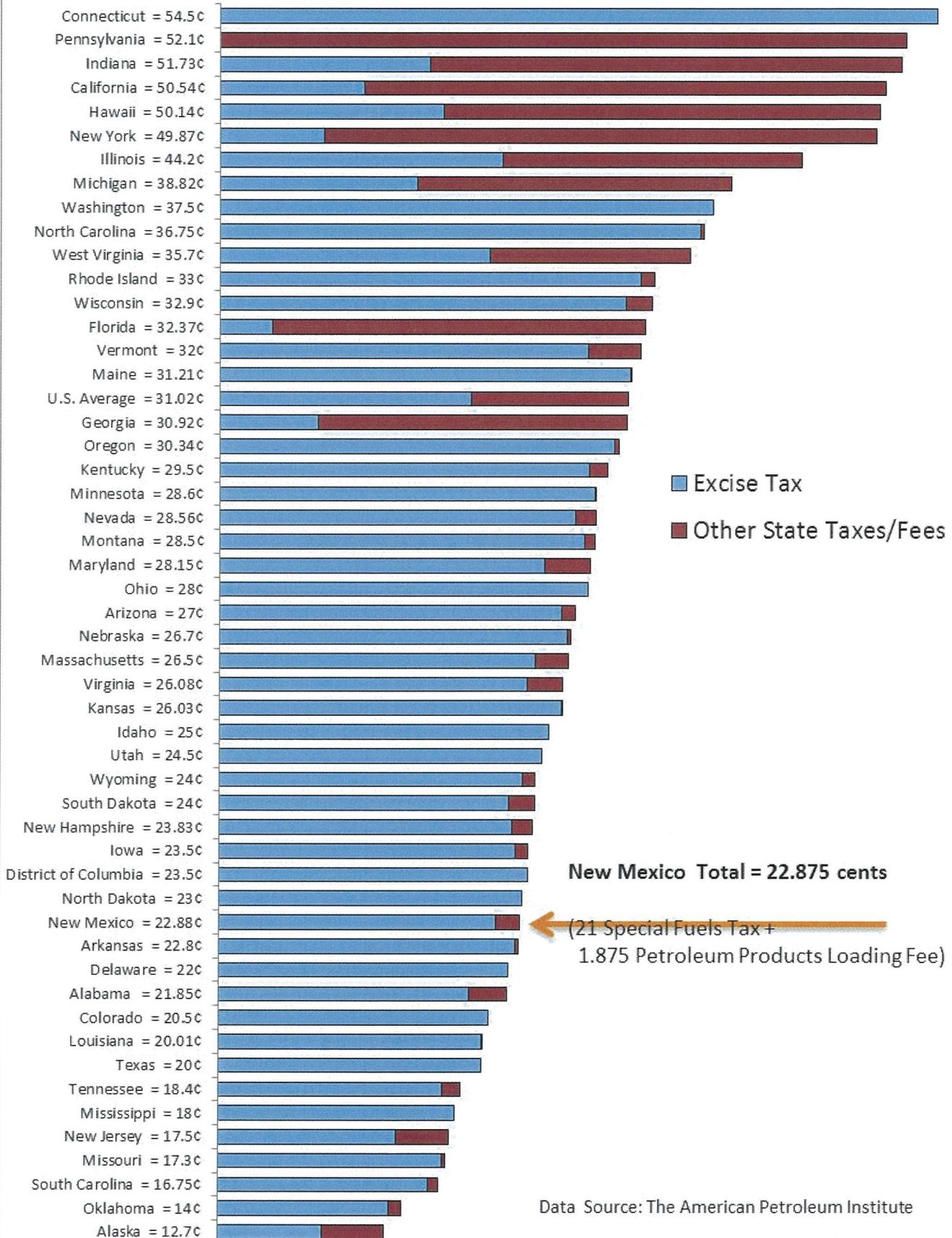
Gasoline Motor Fuel Taxes per Gallon as of July 1, 2014



Diesel Tax: One cent \approx \$5 million

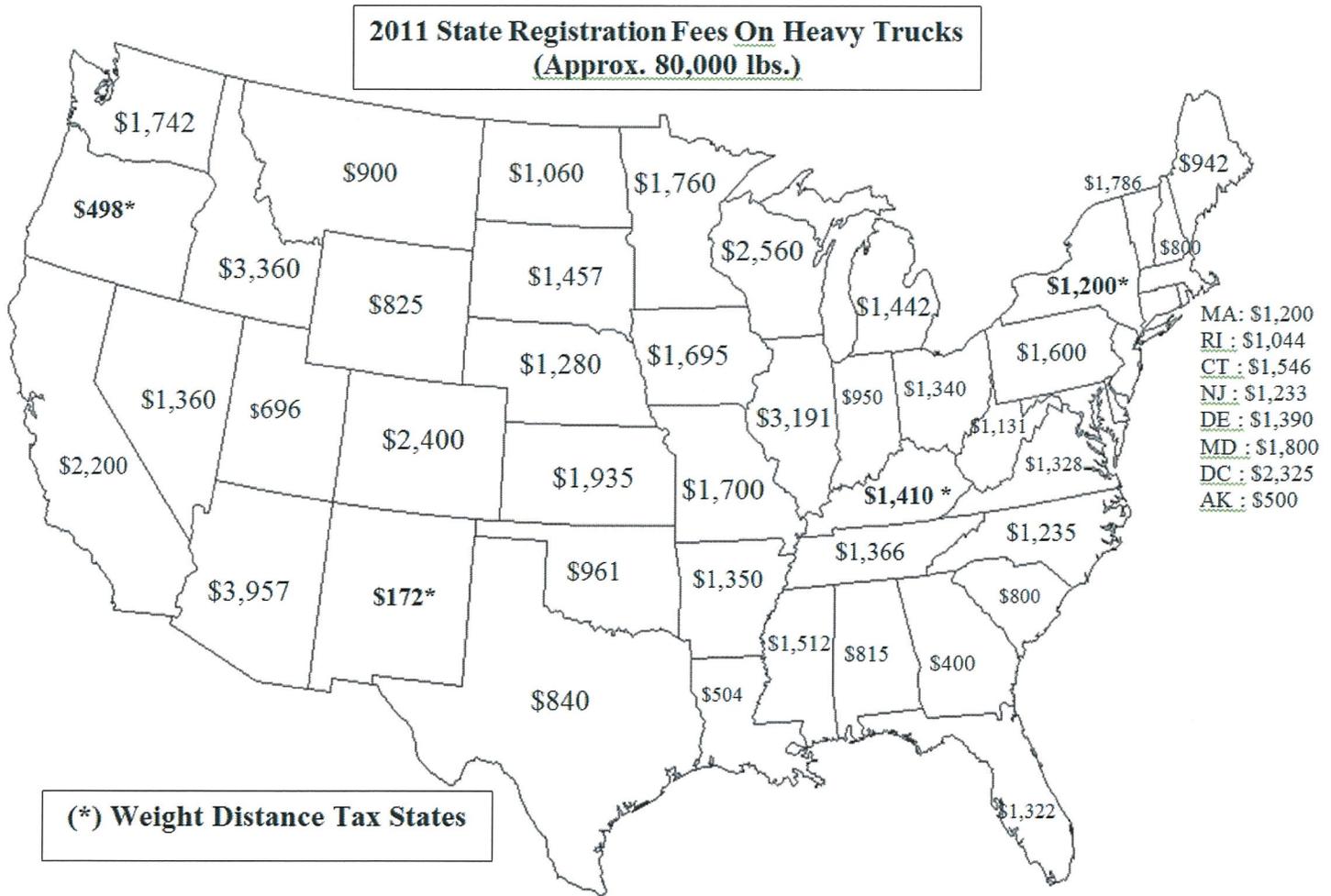
- A one cent increase or decrease in the per gallon tax rate would impact total diesel excise tax revenues by about \$5 million.
- New Mexico receives diesel excise tax revenue on 500 million gallons each year.
 - All diesel used in New Mexico by interstate commercial trucking is apportioned back to New Mexico via the International Fuel Tax Agreement whether sold in New Mexico or not.
 - New Mexico also receives tax on diesel sold in New Mexico to passenger vehicles and solely in-state truckers.
- New Mexico's diesel excise tax generated about \$103 million in total revenue in FY 2014.
 - The Road Fund receives 19 cents per gallon or 90.48% of the tax.
 - The Local Government Road Fund receives the remaining 9.52% or 2 cents per gallon.
- New Mexico raised the diesel excise tax in 2003 from 18 cents per gallon to the current rate of 21 cents per gallon.
- New Mexico has the 14th lowest rate of taxation on diesel in the nation.
 - 8 cents below the 50 state average

Diesel Motor Fuel Taxes per Gallon as of July 1, 2014



Vehicle Registrations: 10% = \$7.8 million

- Approximately 2 million cars, trucks, trailers, and motorcycles are currently registered in New Mexico.
- New Mexico has lower than average fees on passenger vehicles.
- New Mexico imposes the lowest registration rate on large trucks.



Weight Distance Tax: 10% ≈ \$8 million

- A 10% increase or decrease in weight distance tax rates would impact total revenues by about \$8 million.
- Approximately 630 thousand large trucks (over 26,000 pounds) are registered to pay New Mexico's weight distance tax.
- The tax rate varies between one and four cents per mile based on vehicle weight.
- New Mexico is one of four states with a Weight Distance tax along with Oregon, Kentucky, and New York.
- Abolishing the weight distance tax would not preclude interstate truckers from tracking and reporting mileage driven in New Mexico.
 - All 50 states and most Canadian provinces apportion interstate truck registrations based on miles driven via the International Registration Plan (IRP) reciprocity agreement.
 - Interstate truckers must track and report mileage by state to IRP or purchase one-time permits and pay one time fees each time they enter a new state (see page 16).
- Abolishing the weight distance tax would require all solely in-state truckers to pay a much higher flat registration fee.
 - In order to replace New Mexico's Weight Distance tax heavy truck registrations would have to be increased from \$172/year to around \$3,000/year.

Appendix

Materials

July 2014 Road Fund Forecast

NMDOT State Revenue Sources - Fiscal Years 2007 thru 2019

Table 1

(Dollars in thousands)

	A	B	C	D	E	F	G	H	I	J	K	L	(L - J)		M	N	O
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14		FY15		FY16	FY15 to FY16		FY17	FY18	FY19
	Actual	Jan-13 Leg. Bud. Estimate	Jul-14 Revenue Update	Jan-14 Leg. Bud. Estimate	Jul-14 Revenue Update	Jul-14 Bud. Req. Estimate	Budget Growth \$ Change	% Diff	Long Run Estimate	Long Run Estimate	Long Run Estimate						
Road Fund:																	
Road Fund -- Ordinary Revenue:																	
1 Gasoline Tax	114,577	107,671	108,125	109,163	109,282	104,987	111,795	110,000	108,500	108,200	108,600	108,700	500	0.5%	108,700	108,900	108,900
2 Special Fuel Tax	97,008	101,483	85,559	88,029	91,078	92,326	92,563	97,000	93,400	94,800	94,300	95,800	1,000	1.1%	97,500	98,700	99,500
3 Weight/Distance	88,365	77,424	75,485	69,598	74,916	72,786	73,489	75,000	74,800	76,700	75,900	78,600	1,900	2.5%	81,600	84,200	86,600
4 Trip Tax	7,557	4,904	5,776	5,488	5,973	5,689	5,045	5,800	4,800	5,100	4,900	5,000	(100)	-2.0%	5,100	5,200	5,300
5 Vehicle Registration	73,512	73,679	72,190	72,863	73,445	75,626	74,135	76,200	76,700	74,900	76,000	77,700	2,800	3.7%	76,700	78,400	77,500
6 Vehicle Transaction	1,191	1,165	1,070	1,041	1,065	1,114	1,163	1,100	1,200	1,150	1,200	1,200	50	4.3%	1,200	1,200	1,200
7 Driver's License	4,329	4,738	4,622	4,493	4,718	4,424	4,227	4,200	4,200	4,260	4,200	4,500	240	5.6%	4,500	4,500	4,500
8 Oversize/Overweight	4,590	4,961	4,539	3,778	4,687	4,820	4,805	4,700	5,000	4,800	5,000	5,000	200	4.2%	5,000	5,000	5,000
9 Public Regulatory Commission Fees (UCR)	377	866	2,286	1,420	2,740	881	3,191	2,800	2,700	2,700	2,700	2,800	100	3.7%	2,900	3,000	3,000
10 MVD Miscellaneous	2,452	2,570	2,569	2,735	2,725	2,991	3,100	3,000	3,200	3,100	3,300	3,300	200	6.5%	3,300	3,300	3,300
11 Subtotal Ordinary Income	393,958	379,461	362,221	358,609	370,629	365,645	373,513	379,800	374,500	375,710	376,100	382,600	6,890	1.8%	386,500	392,400	394,800
Road Fund -- Extraordinary Income:																	
12 Asset Sales	950	720	484	9	260	296	1,290	700	794	650	700	700	50	7.7%	700	700	700
13 "Logo" Signage Revenue	800	650	700	500	550	1,072	598	900	1,130	700	1,100	1,000	300	42.9%	1,100	1,100	1,100
14 Other (Project Reimbursement) Revenue	2,390	870	3,574	6,059	5,774	9,007	8,466	1,000	2,200	1,000	1,000	1,000	-	0.0%	1,000	1,000	1,000
15 Rail Runner Maintenance Fees			4,080	2,000	2,350	17	2,014	2,100	1,900	2,000	2,000	2,000	-	0.0%	2,000	2,000	2,000
16 Road Fund Interest	708	-	19	16	95	108	209	192	75	142	60	478	336	236.6%	1,442	1,950	1,950
17 Subtotal Extraordinary Income	4,848	2,240	8,857	8,584	9,029	10,500	12,576	4,892	6,099	4,492	4,860	5,178	686	15.3%	6,242	6,750	6,750
18 TOTAL ROAD FUND	398,806	381,701	371,080	367,193	379,658	376,145	386,089	384,692	380,599	380,202	380,960	387,778	7,576	2.0%	392,742	399,150	401,550

- Current expectations for FY 2015 are nearly unchanged from last January forecast.
- FY 2016 Road Fund revenues are currently estimated at \$387.4 million. This represents 2.0% or \$7.6 million in growth from the FY 2015 budget.
- In FY2016 the Road Fund forecast remains \$11 million lower than its FY 2007 peak during the US housing bubble.
- Overall Road Fund growth rates are expected to stay below historic trends. Forecast Road Fund growth now only averages between 1% and 2% a year instead of the historic (non-recession) growth which averaged between 2% and 3%.
- Gasoline and vehicle registration growth follow the New Mexico economy while Weight Distance and Special Fuels more closely track the national economy.
 - Gasoline revenue growth has plateaued with increasing passenger vehicle efficiency and a significant reduction in per capita vehicle miles traveled. Vehicle registrations are expected to grow nearly in line with state population growth levels at around 1%.
 - Weight Distance revenue is forecast to grow around 3 percent in the near future while diesel revenues are forecast between 0.8% and 1.8% annually as increasing heavy truck efficiency contains growth.

NMDOT State Revenue Sources - Fiscal Years 2007 thru 2019

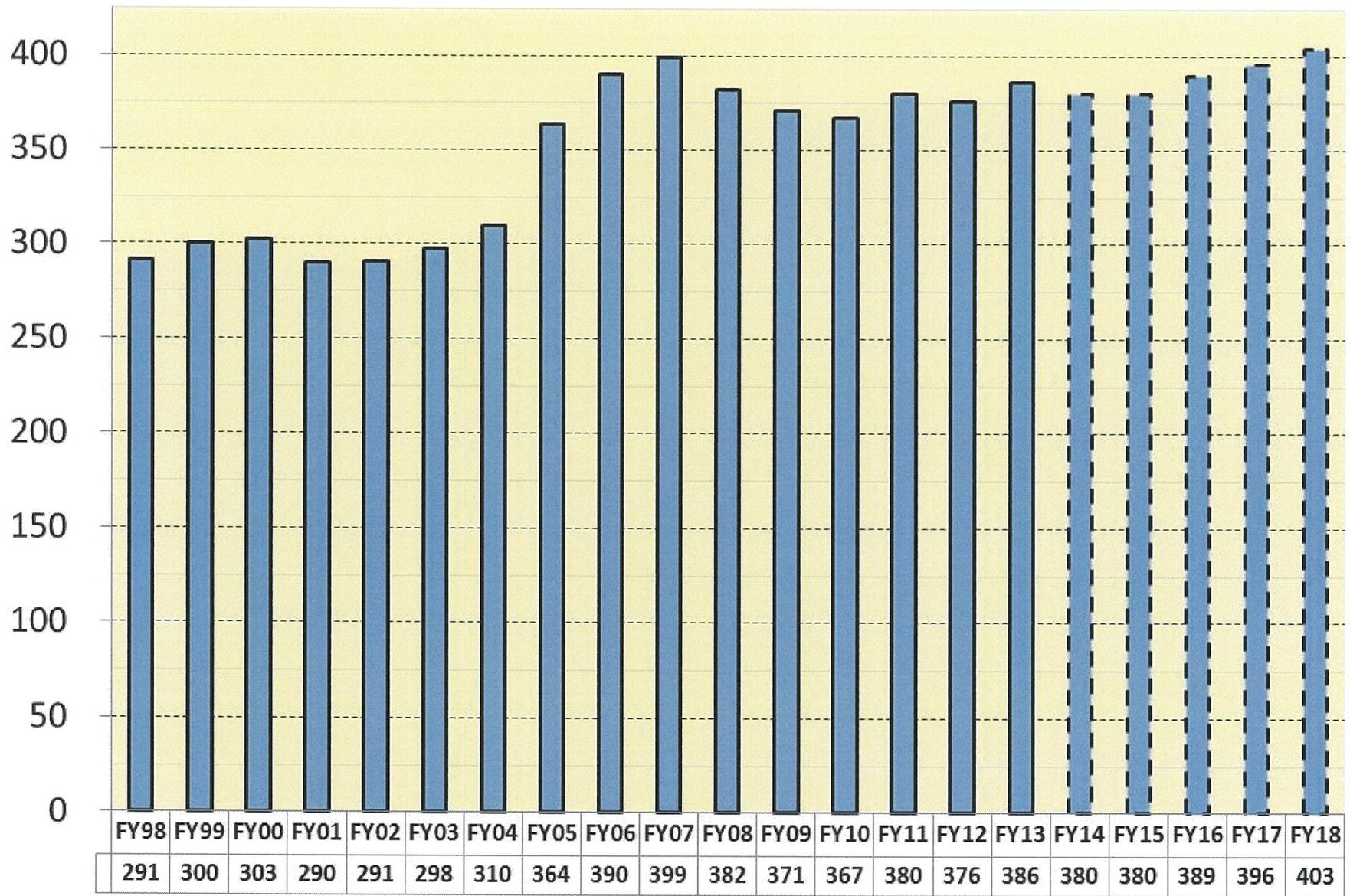
Table 2

(Dollars in thousands)

	A	B	C	D	E	F	G	H	I	J	K	L	(L - J)	M	N	O	
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14		FY15		FY16	FY15 to FY16		FY17	FY18	FY19
	Actual	Jan-13 Leg. Bud. Estimate	Jul-14 Revenue Update	Jan-14 Leg. Bud. Estimate	Jul-14 Revenue Update	Jul-14 Bud. Req. Estimate	Budget Growth \$ Change % Diff	Jul-14 Long Run Estimate	Jul-14 Long Run Estimate	Jul-14 Long Run Estimate							
Other Funds:																	
Highway Infrastructure Fund:																	
19 Leased Vehicle Gross Receipts	4,844	6,963	5,444	5,397	5,657	5,731	5,214	5,790	5,750	5,550	5,630	5,730	180	3.2%	5,830	5,920	6,010
20 Tire Recycling Fees	1,758	1,782	1,604	1,791	1,806	1,831	1,807	1,840	1,800	1,770	1,800	1,840	70	4.0%	1,820	1,860	1,850
21 Interest	164	164	99	18	16	16	25	26	8	18	9	75	57	316.7%	229	311	315
22 Total Highway Infrastructure Fund	6,766	8,909	7,147	7,206	7,479	7,579	7,047	7,656	7,558	7,338	7,439	7,645	307	4.2%	7,879	8,091	8,175
23 Total State Infrastructure Bank	540	135	300	597	83	29	45	51	15	47	25	197	150	319.1%	595	804	804
Local Government Road Fund:																	
24 From Interest	966	243	143	24	33	30	46	53	15	51	19	151	100	196.1%	455	615	615
25 From Special Fuel	10,105	10,489	8,980	9,200	9,546	9,659	9,709	10,200	9,800	10,000	9,900	10,100	100	1.0%	10,200	10,400	10,500
26 From PPL Fee	7,073	6,936	6,711	6,725	6,775	6,612	6,926	6,960	6,820	6,830	6,850	6,890	60	0.9%	6,940	6,980	7,000
27 From DWI reinstatement fees & ID cards	1,068	1,113	1,129	784	1,015	971	929	1,000	900	950	900	900	(50)	-5.3%	900	900	900
28 From Gasoline Tax (MAP)	2,248	2,116	2,126	2,145	2,147	2,066	2,195	2,170	2,130	2,140	2,135	2,140	-	0.0%	2,140	2,140	2,140
29 Leased Vehicle Gross Receipts	1,615	2,321	1,815	1,799	1,886	1,910	1,738	1,930	1,920	1,850	1,880	1,910	60	3.2%	1,940	1,970	2,000
30 Total Local Government Road Fund	23,075	23,218	20,903	20,677	21,402	21,249	21,543	22,313	21,585	21,821	21,684	22,091	270	1.2%	22,575	23,005	23,155
Aviation Fund:																	
31 Gasoline Taxes (Aviation)	406	382	384	387	387	372	395	392	385	385	385	386	1	0.3%	386	387	386
32 Aviation Jet Fuel	826	932	1,314	1,852	1,667	2,808	1,952	2,200	1,500	1,800	1,480	1,470	(330)	-18.3%	1,470	1,970	1,970
33 Aircraft License Fees	74	75	73	74	66	68	60	70	62	60	60	60	-	0.0%	60	60	60
34 0.046% General Fund GRT (Air Service)	883	891	783	779	855	747	0	sunset	1,100	973	973	1,021	48	4.9%	1,075	1,120	Sunset
35 General Fund (2007 Enhancement)	960	1,917	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	0.0%	3,000	3,000	3,000
36 Aviation Fund Interest Earnings	107	34	8	16	20	36	36	36	12	37	12	97	60	162.2%	293	396	396
37 Total Aviation Fund Income	2,189	3,347	4,504	6,100	5,991	7,016	5,443	5,698	6,059	6,255	5,910	6,034	(221)	-3.5%	6,284	6,933	5,812
Transportation Fund:																	
38 Motorcycle Registration (Fund 20600)	93	120	131	130	135	138	135	130	135	135	135	135	-	0.0%	135	135	135
39 Motorcycle Train. Fund Interest (20600)	5	9	2	1	0	0	0	0	0	0	0	1	1	266.7%	3	4	4
40 Driver Improvement Fees (10020)	205	208	193	331	349	340	314	330	268	330	270	270	(60)	-18.2%	270	270	270
41 DWI Prevention (20700)	282	331	458	650	486	530	513	500	510	500	510	510	10	2.0%	510	510	510
42 Traffic Safety Fees (Fund 20800)	412	474	473	469	446	419	392	450	550	370	500	500	130	35.1%	500	500	500
43 Traffic Safety Fees Interest (20800)	92	95	35	3	3	2	2	4	1	3	0	1	(2)	-53.3%	4	6	6
44 Community DWI Prevention Fee (20800)	700	1,021	1,150	1,000	1,017	838	789	900	400	750	400	400	(350)	-46.7%	400	400	400
45 Red Light Fees (from AOC) (20800)						144	153	-	180	150	180	180	30	20.0%	180	180	180
46 Traffic Safety - Interlock Device (82600)	900	775	854	700	2,029	1,167	1,054	800	800	750	800	800	50	6.7%	800	800	800
47 Total Transportation Fund Income	2,690	3,033	3,296	3,284	4,466	3,578	3,353	3,114	2,844	2,988	2,795	2,798	(191)	-6.4%	2,802	2,805	2,805
48 TOTAL NMDOT STATE REVENUES	434,066	420,343	407,229	405,056	419,079	415,595	423,520	423,524	418,661	418,651	418,813	426,543	7,891	1.9%	432,877	440,788	442,301

- Overall NMDOT state Funds are forecast at \$426 million in FY 2016 representing growth of 1.9 % or \$7.9 million from the current FY2015 budget.
 - In FY2018 and FY2019 the Aviation Fund is impacted by two sunset statutes.
 - In FY2019 a gross receipts tax distribution sunsets (§7-1-6.7.C) and in FY2018 the distribution based on taxable jet fuel sales is positively impacted by a partial sunset of the gross receipts tax deduction for jet fuel (§7-9-83).

Total State Road Fund Revenue (millions \$)



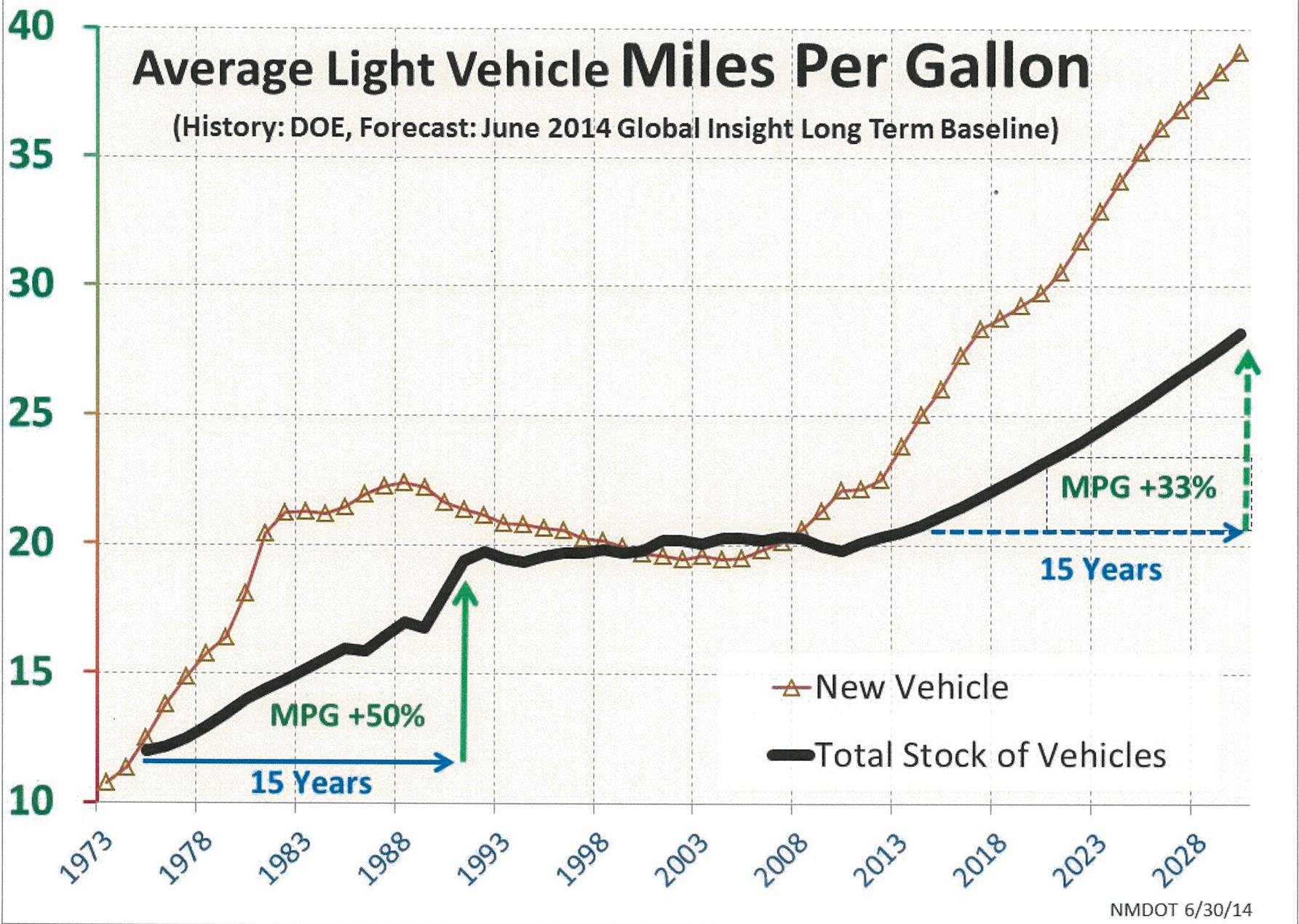
Distribution of State Road User Revenues

July, 2014 Forecast

	Revenue to Road Fund by Fiscal Year (\$ Million)						% of total (FY 2016)							
	2011	2012	2013	2014	2015	2016	Road Fund	NMDOT State Rev						
Gasoline Tax (17.0 cents / gallon)	→ 5.76% to County Government Road Fund													
	→ 0.13% to Motorboat Fuel Tax Fund													
	→ 0.26% to State Aviation Fund													
	→ 10.38% to Municipalities and Counties													
	→ 76.27% to State Road Fund - (~13 cents per gallon)						109.3	105.0	111.8	108.5	108.6	108.7	28%	25%
	→ 5.76% to Municipalities													
	→ 1.44% to Municipal Arterial Program (MAP)													
Special Fuel (diesel) Tax (21.0 cents/gallon -- effective 7/1/2004)	→ 90.48% to State Road Fund - (19 cents per gallon)						91.1	92.3	92.6	93.4	94.3	95.8	25%	22%
	→ 9.52% to Local Governments Road Fund													
Petroleum Products Loading Fee (1.875 cents/gallon)	→ = 26.67% to Local Government Road Fund													
	→ = 73.33% to Corrective Action Fund													
Weight Distance Tax (1¢-4¢/mile)	→ = 100% to State Road Fund						74.9	72.8	73.5	74.8	75.9	78.6	20%	18%
Trip Tax (7¢-16¢/mile)	→ = 100% to State Road Fund						6.0	5.7	5.0	4.8	4.9	5.0	1%	1%
Oversize / Overweight Fees	→ = 100% to State Road Fund						4.7	4.8	4.8	5.0	5.0	5.0	1%	1%
Motor Trans. Regulatory Fees	→ = 100% to State Road Fund						2.7	0.9	3.2	2.7	2.7	2.8	1%	1%
Vehicle Registration Fees (\$21-\$172/year) and Miscellaneous Motor Vehicle Fees	→ = 50 cents on Each Registration to Beautification Fund													
	→ = \$2.00 OF Each Motorcycle Registration to Motorcycle Training Fund													
	→ = \$2.00 of each Motorcycle Registration to the Taxation & Revenue Department													
	→ = 100% of Placard Fees to Taxation and Revenue Department													
	→ = 100% of Penalty Assessment and Amateur Radio Fees to State Road Fund													
	→ = Tire Recycling Fee (effective 7/1/2003):													
	→ \$ 1.00 Each Motorcycle -----> 50% to Highway Infrastructure Fund													
	→ \$ 0.50 per wheel of each bus -----> 50% to Tire Recycling Fund													
	→ \$ 1.50 each car or light truck -----> \$1.00 to Highway Infrastructure Fund													
	→ \$ 1.50 each heavy truck -----> \$0.50 to Tire Recycling Fund													
<i>Effective March 1, 2004 remaining revenues go to:</i>														
→ ~ 74.65% to State Road Fund						73.4	75.6	74.1	76.7	76.0	77.7	20%	18%	
→ 7.60% to County General Funds (allocated by Registration Fees on Vehicles in Each County)														
→ 7.60% to County Road Funds (allocated by miles of public Roads maintained)														
→ 4.06% to Municipal Street Funds (allocated by property Tax net Taxable value)														
→ 6.09% to County and Municipal General Funds (allocated by property Tax amounts due)														
→ \$5 OR \$6 to Municipal, County OR Fee AGENTS														
<i>Remaining revenues from Transaction Fees go to:</i>														
→ 50% 50% to State Road Fund						1.1	1.1	1.2	1.2	1.2	1.2	0%	0%	
→ 50% 50% to County Road Fund (allocated by miles of public roads maintained)														
Transaction Fees (\$3 per Title or Registration)	→ = \$6 OR \$7 per License to Municipal, County or Fee Agents													
	→ 100% of Remaining Drivers License Fee to S Road Fund						4.7	4.4	4.2	4.2	4.2	4.5	1%	1%
	→ = 100% Limited License Fees to DWI Prevention and Education Fund													
	→ = 100% DWI Reinstatement Fees and remainder of ID Cards to Local Gov. Road Fund													
	→ = 100% Enhanced Drivers License Fee (\$3) to Taxation & Revenue Department													
Driver License Fees (\$10 per 4 year period + \$3 EDL + \$3 Driver Safety)	→ = 100% Driver Safety Fee (\$3) to public schools for DWI education													
	Total of Gasoline, Diesel, W/D & Registrations						348.7	345.7	352.0	353.4	354.8	360.8	93%	85%
	Total State Road Fund Revenues						379.7	376.1	386.1	380.6	381.0	387.8	100%	91%
	Total NMDOT State Revenues						419.1	415.6	423.5	418.7	418.8	426.5	NA	100%

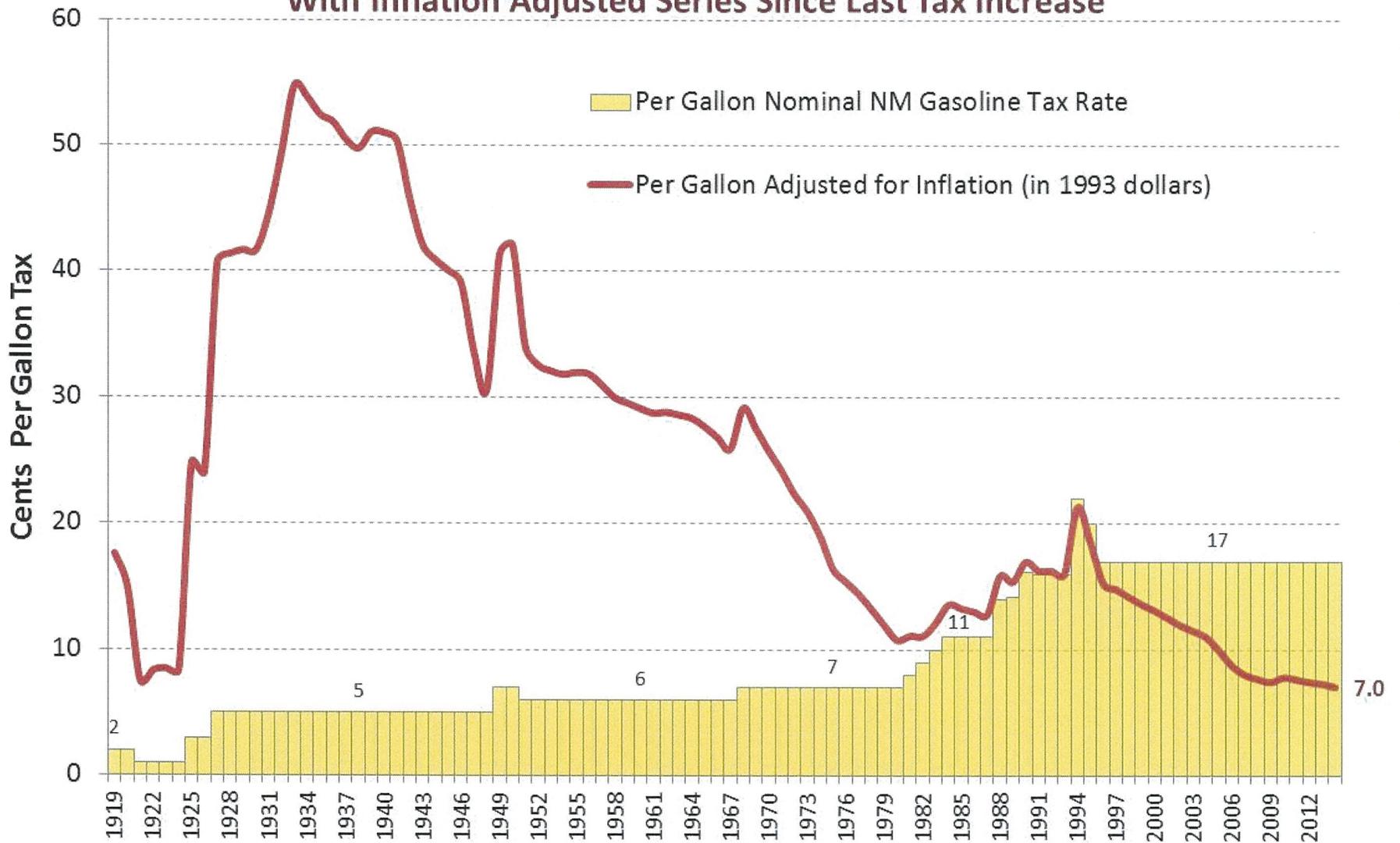
Average Light Vehicle Miles Per Gallon

(History: DOE, Forecast: June 2014 Global Insight Long Term Baseline)



History of New Mexico Gasoline Excise Tax

With Inflation Adjusted Series Since Last Tax Increase



NMDOT 7-2014: Inflation Based on BEA Nonresidential Construction Price Index and Consumer Price Index prior to 1961

Every state has two parallel systems to collect taxes on commercial interstate trucking: (1) truckers filing quarterly/annual reports or (2) truckers paying at each entry.

